

# DIRECTIVE

## WORKFORCE INVESTMENT ACT

Number: WIAD02-2

Date: August 15, 2002  
69:142:lh:4559

TO: WORKFORCE DEVELOPMENT COMMUNITY

SUBJECT: WIA LINE ITEM/SUBGRANT CLOSEOUT HANDBOOK *(INACTIVE)*

### EXECUTIVE SUMMARY:

#### Purpose:

This directive provides policy and procedure guidance for closeout reporting of Workforce Investment Act (WIA) line items/subgrants. This directive relates only to financial data and does not change current participant closeout requirements.

#### Scope:

This closeout directive applies to Local Workforce Investment Areas (LWIA), and subgrantees in receipt of WIA grant funds.

#### Effective Date:

This directive is effective on date of issue.

### REFERENCES:

- WIA Final Rule Section 667.300(d): Reporting Requirements
- Title 29 CFR Part 95: Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations
- Title 29 CFR Part 97: Uniform Administrative Requirements for Grants and Cooperative Agreements to State and local governments

### STATE-IMPOSED REQUIREMENTS:

This directive contains State-imposed requirements. These requirements are indicated by ***bold, italic*** type.

### FILING INSTRUCTIONS:

This directive finalizes Draft Directive WIADD-37, issued for comment on July 10, 2002. Retain this directive until further notice.

## BACKGROUND:

Title 20 CFR Section 667.300(d) states that a final financial report is required after the expiration of a funding period or the termination of grant support. In order to comply with the final financial report requirement, the State has provided this closeout directive.

Closeout documents must be submitted within 60 days when ANY of the following occur:

- Any line item within a subgrant or contract is fully spent and the term has ended
- A subgrant or contract has reached the end date of the agreement
- Formula funds are at the end of the two-year funding term

Closeout documents may be submitted within 60 days when the following occurs:

- Any line item within a subgrant or contract is fully spent and the term has NOT ended

This directive provides the instructions and report forms necessary to complete the closeout package.

## POLICY AND PROCEDURES:

### Policy:

The WIA Line Item/Subgrant Closeout Handbook contains actual closeout forms and instructions along with reporting timelines. All LWIAs and subgrantees are responsible for ensuring compliance with the requirements of the handbook. It is also the responsibility of the local areas and subgrantees to issue closeout instructions to its contractors, providing sufficient time to conduct an orderly closeout of the subgrant or line item. All LWIAs and subgrantees are to use the following matrix to determine which forms to complete when closing out a line item/subgrant.

<i>Documents required&gt;</i> Type of closeout	<i>Summary of Expenditures</i>	<i>Status of Cash</i>	<i>Sub- recipient Release</i>	<i>Assignment of Refunds, etc.</i>	<i>Tax Cert.</i>	<i>Property Cert.</i>
Subgrant closeout	YES	YES	YES	YES	YES	YES, IF APPLICABLE *
Line Item closeout ONLY	YES	YES	NO	NO	NO	NO

\* A LWIA will submit the property certification form when the WIA program ends. A subgrantee that will not receive any additional WIA funds will complete the property certification form when their program ends.

The above WIA closeout documents are available in this directive. Closeout packages are to be mailed to:

Attention: WIA Closeout Desk  
Financial Management Unit  
Workforce Investment Division  
P.O. Box 826880, MIC 69  
Sacramento, CA 94280-0001

### **Closing Formula Funds:**

The WIA formula funds are allocated during each program year to the LWIAs with a specific term ending date. In many cases, the subgrant may contain other funds that extend beyond the term ending date of the formula funds. Therefore, the formula funds must be closed out even though the subgrant term may go beyond the formula funds ending date. Formula funds that fall into this category will have grant codes: 201, 202, 222, 276, 301, 340, 501, 502 and 516.

For example: formula funds allocated for the program year beginning July 1, 2000 would have to be spent by June 30, 2002. Any formula funds not spent by June 30, 2002, would have to be returned to the State. Based on this example, Job Training Automation (JTA) closeout expenditure reports would be due by August 20, 2002 and closeout hard copy reports would need to be submitted no later than August 30, 2002.

### **Cash Draws**

The LWIAs and subgrantees must closely monitor their cash draws to ensure the total funds drawn do not exceed total expenditures. Costs incurred for participant services after the ending date of the subgrant term will be disallowed. **When a closeout package is submitted, all cash must be drawn to meet planned expenditures and reported on the appropriate forms.**

### **Disposition of Supplies (for all subgrantees)**

Supplies are defined as items with a useful life of one year or less and a unit acquisition cost of less than \$5,000. Supplies include computers, telephones, calculators, furniture, copy machines, fax machines and other supplies such as pens, paper etc. When reporting supplies on the WIA Closeout Inventory worksheet (included in attachment), all similar supplies should be grouped together by category for inventory and fair market value purposes (e.g., computers, furniture, etc.).

If an aggregate inventory of unused supplies exists upon termination of the program or upon completion of the project that is \$5,000 or more in total aggregate value and the subgrantee will use the supplies for another federal program, they may retain the supplies with no further obligation. If the subgrantee cannot use the supplies for another federal program, they may retain the supplies for use on nonfederally sponsored activities or sell them. However, compensation for the WIA's share must be returned to the State. The amount of compensation shall be computed by applying the percentage of WIA participation in the cost of the supplies to the current fair market

value of the supplies. The subgrantee may deduct and retain from the WIA share \$500 or 10 percent of the proceeds of the sale, whichever is less, for the subgrantee's selling and handling expenses.

If the inventory of unused supplies is less than \$5,000 in aggregate, the subgrantee may retain the supplies with no further obligation.

### **Disposition of Equipment (Governmental Agencies)**

For aggregate equipment with a fair market value of \$5,000 or more, recipients of WIA funds shall take the following steps (Title 29 CFR Part 97.32):

- The recipient may use the equipment in the program or project for which it was acquired as long as it is needed, whether or not the project or program continues to be supported by federal funds.
- If the equipment is no longer needed by the original program/project, the equipment may be used in other activities currently or previously supported by a federal agency.
- If the equipment is no longer needed by the program/project or for other activities currently or previously supported by a federal agency, the recipient may retain or sell the equipment and reimburse the state for the State's share of the equipment. The compensation due to the state is determined by multiplying the current fair market value or proceeds from the sale by the State's percentage share of the equipment. Actual and reasonable selling and handling expenses (\$500 or 10 percent, whichever is less) may be deducted from the proceeds of the sale. The balance of funds must be submitted within 30 days to the address provided in this directive. The name of the entity, subgrant number, year of appropriation, and funding stream must be provided when submitting the funds.

Funds received from the sale of unused equipment should be sent to the following address:

Fiscal Programs Division  
Employment Development Department  
P.O. Box 826217, MIC 70  
Sacramento, CA 94230-6217

For equipment with a fair market value of less than \$5,000, recipients of WIA funds should take the following steps:

Retain, sell or dispose of the equipment and nothing needs to be reported to the State. Keep a disposition record for any such transactions.

## **Disposition of Equipment (Community Based Organizations, Institutions of Higher Education, Hospitals, other Nonprofit and Commercial Entities)**

For equipment with a fair market value of \$5,000 or more, recipients of WIA funds should take the following steps (Title 29 CFR Part 95.34):

- The recipient may use the equipment in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by federal funds.
- If the equipment is no longer needed by the original program/project, the recipient shall use the equipment in connection with its other federally sponsored activities, in the following order of priority:
  1. Activities sponsored by the Department of Labor
  2. Activities sponsored by other federal awarding agencies
- If the equipment is no longer needed by the program/project or used in connection with other federally sponsored activities, the recipient may retain the equipment for other uses provided compensation is made to the State. The amount of compensation shall be computed by applying the percentage of the WIA grant participation in the original cost of the equipment to the current fair market value of the equipment. Recipients of subgrants are permitted to deduct actual reasonable selling and handling expenses (\$500 or 10 percent, whichever is less) from the proceeds of the sale. The balance of funds must be sent within 30 days to the address provided in this directive. The name of the entity, subgrant number, year of appropriation and funding stream must be provided when submitting the funds

Fiscal Programs Division  
Employment Development Department  
P.O. Box 826217, MIC 70  
Sacramento, CA 94230-6217

- If the recipient has no further use of the equipment and wishes to dispose of the equipment (other than selling the equipment), they must request disposition instructions from the State.

For equipment with a fair market value of less than \$5,000 recipients may:

- Retain, sell or dispose of the equipment and nothing needs to be reported to the State. Keep a disposition record for any such transactions.

### **Calculation of “Fair Market” Value**

The selling price of an item that is sold through auction, advertisement, or a dealer is the fair market value of the item regardless of any prior estimates. An item that is not sold but retained by the entity has a fair market value based on similar items that are

offered for sale, using the selling price if known. Methods for determining fair market value include, but are not limited to:

- Auctions
- Classified advertisements for similar used items
- Dealers
- Licensed appraisers

For automobiles, trucks, and vans, the standard authority on the value of used vehicles is the Kelley Blue Book. Depreciated value is not fair market value, nor a determining factor in establishing the fair market value.

## **Property Records**

Subgrantees must maintain accurate records of all equipment purchased with federal funds. A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.

The equipment records shall include the following information:

1. A description of the equipment.
2. Manufacturer's serial number, model number, Federal Stock number, national stock number or other identification number.
3. Source of the equipment, including the award number.
4. Whether title vests in the recipient or the Federal Government.
5. Acquisition date (or date received, if the equipment was furnished by the Federal Government).
6. Cost.
7. Location and condition of the equipment and the date the information was reported.
8. Unit acquisition cost.

## **Records Retention**

***All equipment records are retained from date of acquisition, through final disposition and then maintained for three years beyond that point.*** Program income transaction records are retained from the end of the local area or subgrantee's fiscal year in which the income is earned. Subgrantees must retain all records of each allocation for a period of three years from the date of their last expenditure report submitted to the Workforce Investment Division. If any litigation, claim, or audit is started before the expiration of the three-year period, ALL records must be retained until all findings have been resolved and final action taken.

## **Disposition of Disallowed Costs**

When the resolution process (such as the Initial and Final Determination process) results in a determination by the awarding agency which identifies the disallowance of expenditures for WIA funds not expended in accordance with the act, a debt is

established. The awarding agency is expected to collect that debt. The preferred corrective action for disallowed costs from WIA funds is nonfederal cash repayment either as a lump sum or as installments. Stand-in costs may also be used to offset disallowed costs.

**EDD Financial Management Contacts:**

<b><u>Name</u></b>	<b><u>Title</u></b>	<b><u>Telephone</u></b>	<b><u>E-mail</u></b>	<b><u>Fax</u></b>
Dave Rexius	Manager	916-654-8502	<a href="mailto:drexius@edd.ca.gov">drexius@edd.ca.gov</a>	916-654-9586
Erma Mason	Analyst	916-653-1465	<a href="mailto:emason1@edd.ca.gov">emason1@edd.ca.gov</a>	916-654-9586
Grey Rider	Analyst	916-654-7508	<a href="mailto:grider@edd.ca.gov">grider@edd.ca.gov</a>	916-654-9586
Debra Shepherd	Analyst	916-654-2418	<a href="mailto:dshepher@edd.ca.gov">dshepher@edd.ca.gov</a>	916-654-9586
Martha Overman	Analyst	916-657-2744	<a href="mailto:moverman@edd.ca.gov">moverman@edd.ca.gov</a>	916-654-9586

**ACTION:**

Bring this directive to the attention of all affected staff and all subgrantees.

**INQUIRIES:**

Please direct questions about this directive to Dave Rexius, Manager, Financial Management Unit, at (916) 654-8502 or Erma Mason at (916) 653-1465.

/S/ BILL BURKE  
Chief  
Workforce Investment Division

Attachment is available on the Internet:

[WIA Line Item/Subgrant Closeout Handbook](#) (PDF) (109k)